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Cherry Sheet Manual

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I. INTRODUCTION

The Division of Local Services has developed the FY95 Cherry Sheet Manual to guide public officials, as well as private citizens and organizations interested in municipal finance, through the FY95 Cherry Sheet. We hope this guide will assist you in understanding how the programs on the Cherry Sheet work.

PURPOSE OF THE CHERRY SHEETS

Named for the cherry colored paper on which it was originally printed, the Cherry Sheet is the official notification from the Commissioner of Revenue of the next fiscal year's state aid and assessments to cities, towns, and regional school districts.

The purpose of the Cherry Sheet is to ensure that local budgets reflect realistic estimates of the amount of revenue a municipality and regional school district will actually receive from the state during the upcoming year, as well as the amounts that will be assessed upon local governments to pay for a variety of state or sub-state programs in which they participate. The Tax Rate Recapitulation Sheet, filed by local assessors with the Division of Local Services to certify property tax rates, must reflect the receipt and charge figures contained on the Cherry Sheet.

HOW TO USE THE FY95 CHERRY SHEET MANUAL

This manual presents information on each of the programs which comprise the FY95 Municipal and Regional Cherry Sheets. The following features of the receipt and assessment programs that appear on the Cherry Sheet are described below. Agency refers to the state agency administering the program.

- Title
- Item Number
- Law (s) Creating/Modifying Program
- State Budget Account Number
- Agency
- Amount
- Purpose
- Distribution/Reimbursement and Assessment/Charge Formula
- Administration
- Payment Schedule

This manual is organized into six sections. Section I provides an introduction to the manual. Municipal and Regional Cherry Sheet Receipts Programs are described in Section II. Section III provides a description of Municipal and Regional Cherry Sheet Assessments. The FY95 payment schedule for the Cherry Sheet Programs can be found in Section IV. Other Cherry Sheet resources available through the Division of Local Services are listed in Section V. In the final section, Section VI, we have provided sample copies of all three Cherry Sheet forms showing the FY95 state totals.

FY95 CHERRY SHEET SUMMARY

After the Legislature's passage of a Local Aid Resolution in early May 1994, the Division of Local Services issued the FY95 Cherry Sheets on May 17, 1994. Revised Cherry Sheets, which reflected changes in some of the Cherry Sheet accounts as required by the enactment of Chapter 60 of the Acts of 1994, the FY95 state budget, were issued on July 20, 1994. This manual's information reflect these FY95 Cherry Sheet revisions. The graph and table on pages 3 and 4 show the trends in Cherry Sheet Aid for FY81 through FY95.

The FY95 Cherry Sheet receipt and assessment program allocations that use Equalized Valuations (EQV) reflect 1992 Equalized Valuations. Also, as specified by the FY95 state budget, the 1992 United States Census Bureau's population estimates were used in all formulas that required population estimates.

Significant changes between amounts distributed in FY94 and FY95 are:

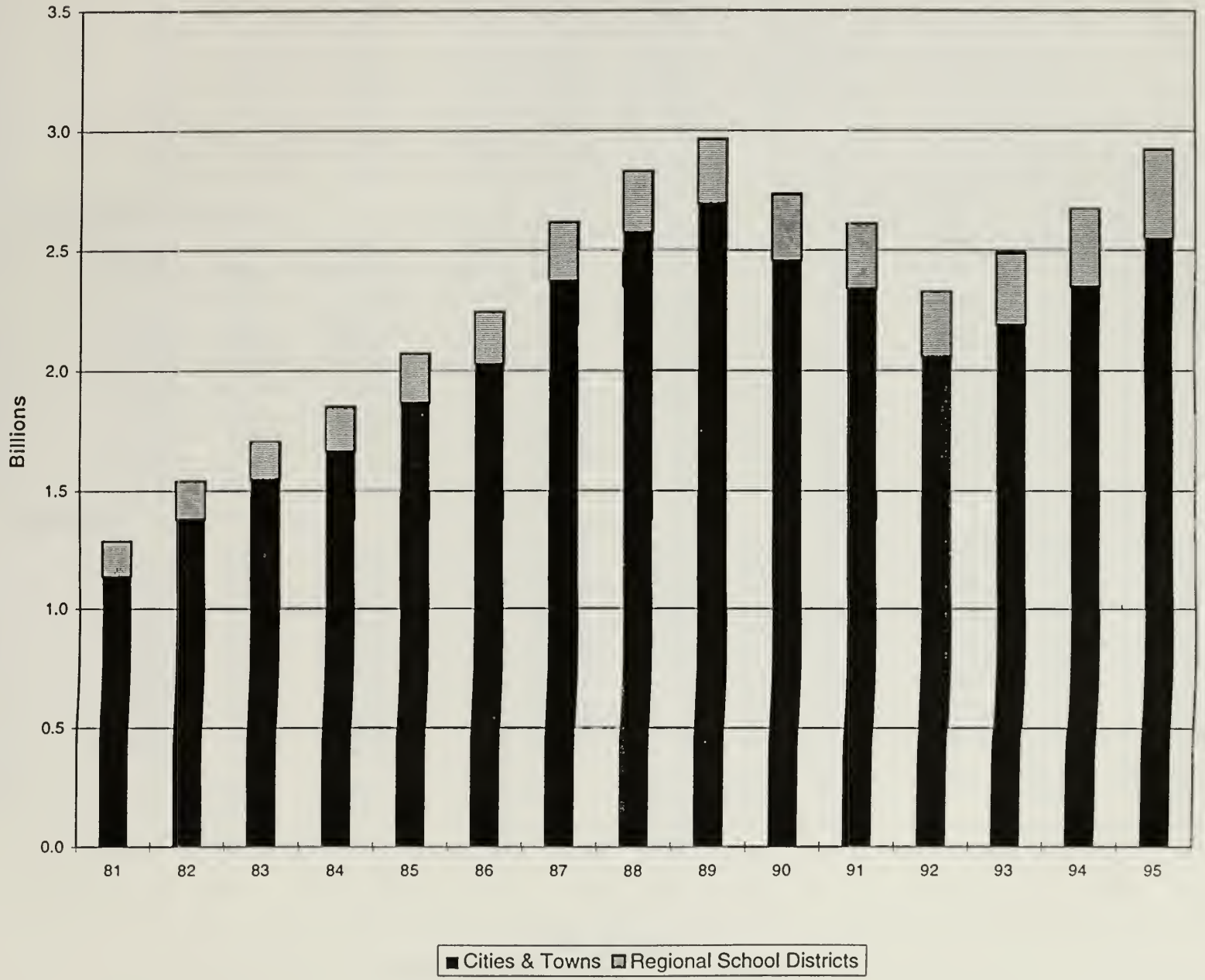
- an increase of $189.7 million in Chapter 70 Education Aid
- reinstatement of the Tuition of State Wards program at $2.48 million
- a $62.6 million increase in Lottery Aid. $20 million of this increase is attributable to the reclassification of FY95 Municipal Stabilization Aid as FY95 Lottery Aid; the net increase is $42.6 million.

In FY94, the Department of Revenue implemented a provision of state law (Ch. 58, S. 18F) that allows the withholding of state aid to cities and towns that have not submitted the prior year's Schedule A to the Department of Revenue. This provision of the law will be applied again in FY95. All withheld aid is distributed to the appropriate municipality once the necessary forms have been submitted and accepted by the Division of Local Services.

FY95 CHERRY SHEET FORMAT CHANGES

The format of the Cherry Sheet changes from year to year as programs are added, dropped or consolidated. The FY95 Cherry Sheet contains only one change: Tuition of State Wards Program was added to forms CS 1-ER and 2-ER as line 4a.

Cherry Sheet Total Receipts FY81 to FY95



CHERRY SHEET ESTIMATED STATE AID FY81-FY95
STATE TOTALS

FISCAL YEAR	RECEIPTS			ASSESSMENTS			NET STATE AID		
	CITIES & TOWNS	REGIONAL SCHOOL DISTRICTS	COMBINED MUNICIPAL + REGIONAL	CITIES & TOWNS	REGIONAL SCHOOL DISTRICTS	COMBINED MUNICIPAL + REGIONAL	CITIES & TOWNS	REGIONAL SCHOOL DISTRICTS	COMBINED MUNICIPAL + REGIONAL
81	1,138,347,383	150,513,609	1,288,860,992	252,334,377	0	252,334,377	886,013,006	150,513,609	1,036,526,615
82	1,381,461,844	158,440,436	1,539,902,280	274,881,840	0	274,881,840	1,106,580,004	158,440,436	1,265,020,440
83	1,545,422,148	160,663,457	1,706,085,605	262,110,327	0	262,110,327	1,283,311,821	160,663,457	1,443,975,278
84	1,666,405,318	187,054,755	1,853,460,073	255,709,822	0	255,709,822	1,410,695,496	187,054,755	1,597,750,251
85	1,868,130,881	204,270,877	2,072,401,758	265,074,125	0	265,074,125	1,603,056,756	204,270,877	1,807,327,633
86	2,029,951,823	216,604,131	2,246,555,954	204,599,600	0	204,599,600	1,825,352,223	216,604,131	2,041,956,354
87	2,373,749,418	243,769,930	2,617,519,348	204,813,364	2,721	204,816,085	2,168,936,054	243,767,209	2,412,703,263
88	2,576,697,434	254,204,126	2,830,901,560	209,269,865	34,817	209,304,682	2,367,427,569	254,169,309	2,621,596,878
89	2,692,968,637	273,374,494	2,966,343,131	158,019,163	54,922	158,074,085	2,534,949,474	273,319,572	2,808,269,046
90*	2,457,326,863	280,199,690	2,737,526,553	165,905,141	123,606	166,028,747	2,291,421,722	280,076,084	2,571,497,806
91	2,341,313,232	268,625,517	2,609,938,749	177,680,471	142,590	177,823,061	2,163,632,761	268,482,927	2,432,115,688
92	2,057,096,860	270,426,888	2,327,523,748	183,125,842	140,583	183,266,425	1,873,971,018	270,286,305	2,144,257,323
93	2,192,530,849	295,575,733	2,488,106,582	188,463,783	138,799	188,602,582	2,004,067,066	295,436,934	2,299,504,000
94	2,349,182,790	323,349,018	2,672,531,808	191,949,485	136,894	192,086,379	2,157,233,305	323,212,124	2,480,445,429
95	2,550,609,971	373,678,410	2,924,288,381	196,140,454	101,350	196,241,804	2,354,469,517	373,577,060	2,728,046,577
DOLLAR CHANGE									
81-82	243,114,461	7,926,827	251,041,288	22,547,463	0	22,547,463	220,566,998	7,926,827	228,493,825
82-83	163,960,304	2,223,021	166,183,325	(12,771,513)	0	(12,771,513)	176,731,817	2,223,021	178,954,838
83-84	120,983,170	26,391,298	147,374,468	(6,400,505)	0	(6,400,505)	127,383,675	26,391,298	153,774,973
84-85	201,725,563	17,216,122	218,941,685	9,364,303	0	9,364,303	192,361,260	17,216,122	209,577,382
85-86	161,820,942	12,333,254	174,154,196	(60,474,525)	0	(60,474,525)	222,295,467	12,333,254	234,628,721
86-87	343,797,595	27,165,799	370,963,394	213,764	2,721	216,485	343,583,831	27,163,078	370,746,909
87-88	202,948,016	10,434,196	213,382,212	4,456,501	32,096	4,488,597	198,491,515	10,402,100	208,893,615
88-89	116,271,203	19,170,368	135,441,571	(51,250,702)	20,105	(51,230,597)	167,521,905	19,150,263	186,672,168
89-90*	(235,641,774)	6,825,196	(228,816,578)	7,885,978	68,684	7,954,662	(243,527,752)	6,756,512	(236,771,240)
90-91	(116,013,631)	(11,574,173)	(127,587,804)	11,775,330	18,984	11,794,314	(127,788,961)	(11,593,157)	(139,382,118)
91-92	(284,216,372)	1,801,371	(282,415,001)	5,445,371	(2,007)	5,443,364	(289,661,743)	1,803,378	(287,858,365)
92-93	135,433,989	25,148,845	160,582,834	5,337,941	(1,784)	5,336,157	130,096,048	25,150,629	155,246,677
93-94	156,651,941	27,773,285	184,425,226	3,485,702	(1,905)	3,483,797	153,166,239	27,775,190	180,941,429
94-95	201,427,181	50,329,392	251,756,573	4,190,969	(35,544)	4,155,425	197,236,212	50,364,936	247,601,148
81-89	1,554,621,254	122,860,885	1,677,482,139	(94,315,214)	54,922	(94,260,292)	1,648,936,468	122,805,963	1,771,742,431
89-92	(635,871,777)	(2,947,606)	(638,819,383)	25,106,679	85,661	25,192,340	(660,978,456)	(3,033,267)	(664,011,723)
92-95	493,513,111	103,251,522	596,764,633	13,014,612	(39,233)	12,975,379	480,498,499	103,290,755	583,789,254
PERCENTAGE CHANGE									
81-82	21.4	5.3	19.5	8.9	0	8.9	24.9	5.3	22.0
82-83	11.9	1.4	10.8	-4.6	0	-4.6	16.0	1.4	14.1
83-84	7.8	16.4	8.6	-2.4	0	-2.4	9.9	16.4	10.6
84-85	12.1	9.2	11.8	3.7	0	3.7	13.6	9.2	13.1
85-86	8.7	6.0	8.4	-22.8	0	-22.8	13.9	6.0	13.0
86-87	16.9	12.5	16.5	0.1	100.0	0.1	18.8	12.5	18.2
87-88	8.5	4.3	8.2	2.2	1179.6	2.2	9.2	4.3	8.7
88-89	4.5	7.5	4.8	-24.5	57.7	-24.5	7.1	7.5	7.1
89-90*	-8.8	2.5	-7.7	5.0	125.1	5.0	-9.6	2.5	-8.4
90-91	-4.7	-4.1	-4.7	7.1	15.4	7.1	-5.6	-4.1	-5.4
91-92	-12.1	0.7	-10.8	3.1	-1.4	3.1	-13.4	0.7	-11.8
92-93	6.6	9.3	6.9	2.9	-1.3	2.9	6.9	9.3	7.2
93-94	7.1	9.4	7.4	1.8	-1.4	1.8	7.6	9.4	7.9
94-95	8.6	15.6	9.4	2.2	-26.0	2.2	9.1	15.6	10.0
81-89	136.6	81.6	130.2	-37.4	100.0	-37.4	186.1	81.6	170.9
89-92	-23.6	-1.1	-21.5	15.9	156.0	15.9	-26.1	-1.1	-23.6
92-95	24.0	38.2	25.6	7.1	-27.9	7.1	25.6	38.2	27.2

* Does not include $210 million in Chapter 70 that was originally withheld from Cherry Sheets but distributed in the summer of 1990 due to the SJC decision.

II. CHERRY SHEET RECEIPTS

Chapter 58, Section 25A of the Massachusetts General Laws provides that the Commissioner of Revenue estimate in advance the state's share of local reimbursement and assistance programs as authorized by law and appropriated by the legislature. Local assessors are required to use these figures in determining the local property tax rate.

Cherry Sheet receipts appear on two forms: CS 1-ER, which notifies municipalities of estimated receipts and CS 2-ER, which notifies regional school districts of estimated receipts (and charges).

State aid to municipalities and regional school districts consists of two major types -- distributions and reimbursements.

Distributions provide funds to each municipality and regional school district according to various formulas. Reimbursements provide funds to reimburse municipalities and regional school districts for all or part of the costs incurred during a prior period for certain programs or services.

In addition to reimbursements and distributions, it should also be noted that certain programs on forms CS 1-ER and CS 2-ER are designated as "Offset Items". These items are amounts that constitute categorical aid, i.e., funds that must be spent for specific municipal and regional school district programs.

Funds received under programs designated as "Offset Items" may be spent without appropriation in the local budget. All other receipt items on the cherry sheet are considered revenues of the municipality's or regional school district's general fund and may be spent for any purpose, subject to appropriation.

Chapter 70	*A-1*

Law Creating/Modifying Program: Ch. 70, Ch. 71, Acts of 1993

State Budget Account Number: 7061-0008

Agency: Department of Education

Total Amount: $1,622,501,870
All Municipal: $1,300,407,406
All Regional: $ 322,094,464

PURPOSE: The Education Reform Act of 1993 had a substantial impact on municipal finance and in particular, on the level of local aid received by municipalities and regional school districts, hereafter referred to collectively as districts. Education Reform was undertaken in an effort to insure both equitable and adequate funding of the Commonwealth's public schools to be achieved over a seven year period.

Equity is insured by establishing the level of local funding support each district must make to education based on its ability to pay. If not already at this level, a district's local funding target will increase annually until, in year seven, it equals the Standard of Effort, the level of local funding that will insure that each district is supporting education at a level comparable to all other districts.

Adequacy is achieved through the establishment of a total spending target for each district to be financed by a combination of local and state funds. If not already at this level, a district's total spending will be required to increase annually until, in year seven, it equals the Foundation Budget, the level of spending that is deemed to yield a minimally acceptable education for all students.

Certain terms referenced in the descriptions below are defined in the glossary at the end of this section.

DISTRIBUTION FORMULA: In FY94, the first year of Education Reform, several state aid programs were consolidated under the program heading, Chapter 70. The new Chapter 70 consists of FY93 (pre-education reform) levels of Chapter 70, Chapter 71 (Regional School Aid), Chapter 70A (Equal Education Opportunity grants), and Per Pupil Education Aid plus new aid to finance a district's progress toward equity and foundation spending.

Education Reform allocates Chapter 70 through a new formula, which is calculated by the Department of Education. Generally, the formula compares a district's net school spending (total current spending) to its prescribed Foundation Budget, and compares the amount of local funds supporting net school spending (local contribution) to the district's prescribed Standard of Effort.

Net school spending that is less than the Foundation Budget results in a "foundation gap" and a local contribution that is less than the Standard of Effort results in a "standard of effort gap". Education Reform requires that these gaps be closed through a combination of increases in state and local funds.

Comparisons of net school spending to the Foundation Budget, and of local contribution to the Standard of Effort, yield one of four possible categories for a district. These categories determine whether a district's local contribution must increase, if any, in the next fiscal year.

Exhibit 1
FY94-FY95
Local School Spending Requirements

Standard of Effort

Foundation Budget	Above	Below
Above	*Category 1* Option to Reduce to Standard of Effort	*Category 2* Increase by the Municipal Revenue Growth Factor
Below	*Category 3* Reduce to gross standard of effort, or FY93 local contribution, whichever is greater	*Category 4* Increase by Municipal Revenue Growth Factor and New Local Effort

Aid Calculations

The amount of Chapter 70 paid to a district is also a function of its foundation gap and local effort. A district's Chapter 70 allocation is comprised of one or more of the following components.

Base Aid[1] - In FY94, the first year under Education Reform, each district received base aid as a component of Chapter 70 aid. Base aid was comprised of the FY93 levels of

[1] Because the FY93 Chapter 70 amounts are incorporated into the FY94 Base Aid amounts, it is important to understand how the pre-education reform Chapter 70 aid was calculated. Before Education Reform, the bulk of a district's aid was labeled Resolution Aid which was made up of Chapter 70 Aid and Additional Assistance. Resolution Aid used a "needs based" formula for distribution. This formula was devised as a method for allocating the greatest amounts of Resolution Aid to those municipalities that demonstrated the greatest need. The needs based formula was used to distribute any "new" Resolution Aid over the previous year's amounts. However, with the local aid cuts of the early 1990s there was no "new" aid -- only decreases in FY90 through FY92, level funding in FY93 -- so the needs based formula was not run in those years.

Chapter 70, Chapter 71, Equal Education Opportunity Grant aid, and Per Pupil Education Aid.

In FY95, each district will receive as FY95 base aid, FY94 base aid plus FY94 levels of one or more of the following which are described below: Foundation Aid, Minimum Aid, New Regional Aid, and School Choice Aid.

Foundation Aid - The amount of new Foundation Aid a district receives in any year is a function of its foundation gap. A foundation gap is the difference between the Foundation Budget and net school spending as reported for the prior fiscal year less required increases in local spending for the current fiscal year. In FY95, a district will receive foundation aid equal to 36 percent of its foundation gap.

Minimum Aid - If, in FY95, the amount of Foundation Aid a district receives is not equal to $25 per pupil, the district will receive minimum aid that will result in a total increase of $25 per pupil. In FY94, districts received minimum aid pegged at $50 per pupil.

Equity Aid - For those districts whose local funding (local contribution) exceeds the gross standard of effort, equity aid is intended to allow a district to reduce its local support for education to its standard of effort, the level established to equalize local support for education across all districts in the Commonwealth.

For those districts with a spending gap, FY95 equity aid equals 36 percent of its equity gap, the difference between its FY94 local contribution and its FY95 Gross Standard of Effort. The amount of equity aid a district receives is not a separate payment to the district. Rather, equity aid is subtracted from the district's minimum local contribution which decreases the level of local dollars that must be expended during the fiscal year to support education.

For those districts with no spending gap, FY95 aid equals 36 percent of its equity gap. However, in these cases equity aid cannot exceed a level that would result in a district's minimum local contribution falling below the level needed to sustain the Foundation Budget.

Overburden Aid - Those districts that have a standard of effort gap must increase local spending to close the gap unless they are deemed poor based on a comparison of their adjusted equalized valuation per pupil to the statewide average. If this is the case, in lieu of having to make additional local effort to close the gap, the district will receive Overburden Aid to cover some or all of the required new local effort.

For districts with an adjusted equalized valuation per pupil that is less than or equal to 95 percent of the statewide average, overburden aid will finance 100 percent of a district's requirement to close its standard of effort gap. For districts with an adjusted equalized valuation per pupil between 95 percent and 120 percent of the statewide average, overburden aid will finance a portion of a district's requirement to close its standard of effort gap. In addition, for those districts that have an average per capita income below the state average per capita income, overburden aid will finance 100 percent of a district's requirement to close its standard of effort gap.

Note that in any year in which a municipality receives an increase in local aid accounts for lottery, additional assistance or state owned land, Education Reform requires that 75 percent of these increases offset the amount of overburden aid due a district. While these accounts show increases between FY94 and FY95, this provision of the Education Reform Act was suspended for FY95 pursuant to language contained in the FY95 state budget.

New Regional Aid - In FY94 regional school districts received aid to bring them up to 76 percent of their FY93 Regional School District Aid entitlement. This money became part of FY95 base aid.

In FY95 and successive years, new or expanded regional school districts will be eligible for incentive aid which will be classified as New Regional Aid. This aid will be paid at a rate of $50 per pupil in the first year following the establishment of a new regional school district or expansion of an existing district; $40 per pupil in the second year; $30 per pupil in the third year; $20 per pupil in the fourth year; and, $10 per pupil in the fifth year.

It should be noted that that the incentive amounts discussed in the preceding paragraph that are paid in any fiscal year will not become part of base aid for the following fiscal year.

School Choice Aid - If a district is spending below the foundation budget and it was a "sending" district under school choice in FY94, it will receive FY95 New Choice Aid in an amount equal to its FY94 gross school choice liability.

ADMINISTRATION: The Education Reform formula is administered by the Department of Education. Before receiving any education aid all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are necessary to many of the aid calculations. By March 1 of each year, the Commissioner of Education must notify all districts of their minimum local contribution and Chapter 70 aid for the following fiscal year.

A district's failure, in a given fiscal year, to spend at least 95 percent of its net school spending requirement will result in a reduction of Chapter 70 aid in the following fiscal year.

PAYMENT SCHEDULE: Quarterly.

EDUCATION REFORM GLOSSARY

Foundation Budget The Foundation Budget, which is determined by the Department of Education, is a target level of spending designed to insure a quality level of education for all. The Foundation Budget is the sum of six factors. These factors are: payroll, non-salary expenses, professional development, expanded programs, extraordinary maintenance, and books and equipment. Each of these factors is calculated using the previous year's end-of-year pupil enrollment with adjustment made for special education and low income students. An annual adjustment is also made for inflation.

The Foundation Budget establishes spending targets by grade (pre-school, kindergarten, elementary, junior high and high school) and program (special education, bilingual, vocational and low income). However, it is only the total spending that is required. Grade and program spending targets are intended to serve as guidelines only and are not binding on local school districts.

Gross Standard of Effort The Gross Standard of Effort establishes the maximum level of local financial support that a district must provide to education, although it may choose to exceed that requirement.

In FY94, the Gross Standard of Effort for each municipality was calculated by multiplying its adjusted equalized valuation by an "implicit" school tax rate of $9.40 per $1,000 of adjusted equalized valuation. Adjusted equalized valuation was used as a measure of a municipality's ability to pay and was calculated by multiplying its equalized valuation by the ratio of its per capita income to the statewide average per capita income.

A municipality's FY95 Gross Standard of Effort is calculated by multiplying its FY94 Gross Standard of Effort by its FY95 Municipal Growth Factor.

Local Contribution The local contribution is the amount of net school spending that is supported with local revenues. The FY94 local contribution is the difference between FY94 net school spending and the sum of FY94 Base Aid, FY94 Other Aid (Equity Aid, Overburden Aid and New Choice Aid) and FY94 Federal Impact Aid.

Minimum Local Contribution A district's minimum local contribution is its local spending requirement for a given fiscal year. The minimum local contribution is the sum of its preliminary local contribution plus any additional local funds it must expend to close a standard of effort gap. For many districts the preliminary local contribution is calculated by increasing its prior years local contribution by the growth factor. However, the preliminary local contribution does take into consideration where the district falls in terms of its foundation budget and gross standard of effort. Exhibit 1 illustrates how the preliminary local contribution changes as a function of a district's net school spending in relation to its foundation budget and its local contribution in relation to its Gross Standard of Effort. The Department of Education is responsible for notifying each municipality of its minimum local contribution for the upcoming fiscal year. If a community is eligible for equity aid, the minimum local contribution is reduced by the amount of the aid.

Municipal Revenue Growth Factor The municipal growth factor attempts to estimate the change in certain categories of revenue from one fiscal year to the next. This factor, when multiplied by the local contribution of the prior fiscal year, effectively reserves a portion of estimated increases in local revenue for schools. In addition, the factor funds a district's progress toward the Gross Standard of Effort and, along with local aid, funds its progress toward the foundation budget.

The growth factor is derived by calculating the percentage change, from one fiscal year to the next, in the sum of 3 categories of municipal revenue. For FY95, the factor reflects estimates in the change between a municipality's FY94 levy limit (net of overrides adopted after FY93) and its estimated FY95 levy limit; certain classes of actual FY93 receipts and FY94 estimated receipts; and, FY94 and FY95 levels of lottery, additional assistance and state owned land. The FY95 levy limit is estimated by multiplying the FY94 levy limit by 2.5% and adding to it an estimate of new growth. Generally, new growth is estimated by taking the average of the lowest 3 of the last 4 years of certified new growth.

The categories of local receipts included in this calculation are those that are not directly related to the provision of a service, e.g., water or sewer fees. They include motor vehicle excise, other excise, penalties and interest on taxes and excise, payments in lieu of taxes, fines and forfeits, investment income, and recurring miscellaneous receipts. The Department of Revenue's Division of Local Services is responsible for calculating the Municipal Revenue Growth Factor annually.

Those districts whose local contribution falls below the Gross Standard of Effort must increase the local contribution by the municipal growth factor.

Net School Spending "Net school spending" is the amount a district spends in a given year for the support of public education including certain expenditures made by a municipality on behalf of its local school district. Net school spending does not include expenditures for certain classes of long term debt service, school lunches, community services, fixed assets or student transportation. It also does "not include tuition revenue from activity, admission, other charges or any other revenue attributable to public education".

Each district reports its estimated net school spending to the Department of Education on Schedule 19 of the End-of-Year Pupil and Financial Report. The FY95 net school spending requirement is based on the estimated FY94 net school spending reported on the FY93 End-of-Year Pupil and Financial Report.

Net School Spending Requirement The net school spending requirement in FY95 is the sum of a district's minimum local contribution and its FY95 Chapter 70 aid. Municipalities and regional school districts must appropriate funds sufficient to meet the net school spending requirement. Over and above the net school spending requirement, funds need to be appropriated to support costs of student transportation, fixed assets, long term debt service and other costs not eligible to meet the net school spending requirement. Detailed definitions of those costs that qualify as net school spending can be found in Regulations

for School Finance: Student and Financial Accounting, Reporting and Documentation Requirements (603 CMR 10.00) issued by the Massachusetts Department of Education.

Standard of Effort The Standard of Effort is the amount a district must spend to either meet its foundation budget or the Gross Standard of Effort, whichever is less.

School Transportation Programs A-2

Law(s) Creating/Modifying Program:	**Ch. 71 SS. 7A, 7B, 37D, Ch. 71A, S. 8, Ch.71B, S. 14, Ch. 74, S. 8A**
State Budget Account Number:	**7035-0004**
Agency:	**Department of Education**
Total Amount:	**$58,442,983**
All Municipal:	**$56,762,008**
All Regional:	**$ 1,680,975**

PURPOSE: To reimburse all or part of the costs, subject to appropriation, incurred by a municipality or regional school district for pupil transportation.

REIMBURSEMENT FORMULAS:

Pupil Transportation - Ch. 71, S. 7A:
The state reimburses the cost above $5 per pupil per year. This reimbursement is paid provided that:

a) the pupil resides at least 1½ miles from school as measured by a common route
b) the cost for private school transportation is not more than public school transportation in the same municipality
c) the contract for transporting pupils is awarded to the lowest bidder except where the lowest bidder is unacceptable to the school committee (the committee must show justification).

School Transportation - Ch. 71, S. 7B:
Provides for the partial reimbursement of the cost not reimbursable under Section 7A incurred by a school district for the transportation of pupils to and from school on mass public transit. Aid is limited to the direct costs of transportation, the indirect cost of maintaining public transit services, or 20 cents per day per rider, whichever is less. Riders must live at least 1½ miles from school for their transportation costs to be eligible for reimbursement.

Racial Imbalance Transportation - Ch. 71, S. 37D:
Reimburses the cost of transporting pupils for the purpose of achieving racial balance.

Bilingual and Special Needs Transportation - Ch. 71A, S. 8 and Ch. 71B, S. 14:
Reimburses municipalities for costs incurred for the transportation of bilingual and special needs pupils to and from schools. The reimbursement of a district's bilingual and special needs per rider costs will equal the local cost for a regular rider, plus the difference

between that cost and the special or bilingual cost, provided that the difference does not exceed 110% of the state average difference.

Outside Vocational School Transportation - Ch. 74, S. 8A:
Reimburses the cost of transporting pupils to occupational programs outside the school district.

Ch. 71, S.7A, S.7B, and S.16C reimburse school districts for 100% of non-public school transportation.

ADMINISTRATION: Reimbursement during any fiscal year is for costs incurred in the prior school year. The Department of Education calculates pupil transportation reimbursements according to the above formulas based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each municipality and regional school district.

Funds under Ch. 71, S. 7A are reimbursed to municipalities only; both municipalities and regional school districts receive funds under the other programs. Regional school districts are reimbursed for transportation costs under Ch. 71, S. 16C; see Regional Receipt Item Number A-4.

PAYMENT SCHEDULE: Annually, after filing.

School Construction — *A-3*

Law(s) Creating/Modifying Program:	**Ch. 645, Acts Of 1948, Ch. 511, Acts Of 1976, Ch. 746, Acts Of 1987, Ch.232, Acts Of 1989, Ch. 150, Acts Of 1990, Ch. 133, Acts Of 1992**
State Budget Account Number:	**7052-0003** **7052-0004** **7052-0005** **7052-0006** **7052-0007**
Agency:	**Department of Education**
Total Amount:	**$168,591,631**
All Municipal:	**$146,827,851**
All Regional:	**$ 21,763,780**

PURPOSE: To provide financial assistance to municipalities and regional school districts to plan and construct school buildings. Projects include new buildings, additions, renovations, and major building repair projects.

REIMBURSEMENT FORMULA: Any municipality or regional school district may apply for a school construction grant to cover part of the cost of an approved school project. Total grants are between 50% and 90% of costs. Each municipality's level of reimbursement is specified by statute. However, reimbursement for all projects to reduce or eliminate racial imbalance is 90%.

The level of reimbursement for regional school districts is calculated by multiplying the capital assessment for each member municipality (as established by regional agreement) by the grant percentage as specified by statute and summing the results.

The number of payments received by the grant recipient is equal to the number of years for which indebtedness is incurred to finance the project, but not less than five or more than twenty years.

ADMINISTRATION: Municipalities and regional school districts file capital project applications with the Bureau of School Facilities and Management Services of the Department of Education. Each June, all completed applications are prioritized according to criteria established by a legislative subcommittee. The ranked projects are submitted to the Board of Education at its annual June meeting to establish the order of project approval in the next fiscal year.

Major reconstruction projects require a simpler format than school construction projects. Once these applications are on file, the school district usually begins the repair. The district then waits for retroactive Board approval in future fiscal years, which is contingent upon the availability of funds.

Each fiscal year, the legislature approves the annual School Building Assistance authorization, which allows the Board of Education to approve grants during the year. The legislature agrees to fund these grants in the following fiscal year from the All Other First Annual Payments account. Grants for desegregation projects are funded from the First Annual Payments for Desegregation Projects account.

The Ongoing Payments account provides for all second and subsequent payments of approved school construction grants. The Other Reimbursable Costs account provides for other construction related activities including: planning for a regional school, matching stabilization fund payments, surveys on the condition of schools and space needs, reimbursement for leases for vocational space, and reimbursement for capital costs associated with a buy-in to a regional school district.

These accounts were reorganized by Ch. 133, Acts of 1992, the FY93 state budget. The FY93 state budget also established a new account (7052-0007) and appropriated $5.4 million for single installment grants for the remediation of safety related emergencies that municipalities and regional school districts can apply for and receive in FY93. This appropriation was not reflected in the FY93, FY94 and FY95 School Construction Cherry Sheet estimates.

The Department of Education certifies to the Comptroller the amounts to be provided.

Form F must be filed three times during the duration of the school construction project: first when applying for Board approval of the project, second when applying for a project number, and finally when the project and audit are completed.

The account numbers are for the following payments:

7052-0003	First Annual Payments for Desegregation Projects
7052-0004	All Other First Annual Payments
7052-0005	Ongoing Payments
7052-0006	Other Reimbursable Costs
7052-0007	Safety Projects

PAYMENT SCHEDULE: Payments are made annually for each project, during the quarter in which the project's construction started. Municipalities must submit evidence that a project has started in order to receive a First Annual Payment. The First Annual Payment is made in the next fiscal year after the project has started.

Retired Teachers' Pensions *A-4*

Law Creating/Modifying Program: **Ch. 32, S. (2) (C)**

State Budget Account Number: **0612-1010**

Agency: **Teachers' Retirement Board**

Total Amount: **$34,000,000**

PURPOSE: To reimburse the City of Boston for the cost of paying pensions to retired teachers not covered by the state teachers' retirement system. (All other teachers are covered by the state teachers' retirement system.)

REIMBURSEMENT FORMULA: The City of Boston is reimbursed 97% of contributory pension and 100% of non-contributory pension expenses for FY95.

ADMINISTRATION: The Boston Retirement Board certifies the pensions to be paid to the State Teachers' Retirement Board. The State Teachers' Retirement Board certifies to the Comptroller the reimbursement to the City of Boston.

PAYMENT SCHEDULE: Annually, September.

Tuition of State Wards *A-4a*

Law(s) Creating/Modifying Program:	**Ch. 76, SS7 and 9, Ch.745 7A, Ch. 71, S71f, Ch. 60 of the Acts of 1994**
State Budget Account Number:	**7061-9000**
Agency:	**Department of Education**
Total Amount:	**$2,485,168**
All Municipal:	**$2,055,393**
All Regional:	**$ 429,775**

PURPOSE: To reimburse cities and towns for the cost of public elementary or high school tuition of state wards. State wards are pupils residing in foster or group care under the jurisdiction of the Department of Social Services. This program was not on the FY94 Cherry Sheet because it was unfunded in the original FY94 state budget (as it had been in FY92 and FY93). However, the supplemental FY94 state budget did provide $1,396,303 in funding, which was paid in August of 1994. FY95 payment will be made in the spring of 1995.

REIMBURSEMENT FORMULA: Entitlements are based upon the average costs for instruction, administration, maintenance, fixed charges, principals, audio-visual services, and other pupil services in the pupil's grade range and program type. In FY94, this entitlement was pro-rated at 10.73 percent. The FY95 estimate is pro-rated at 19.92 percent.

ADMINISTRATION: Superintendents submit claims for FTE average membership in the prior school year to the Department of Education, which are also reviewed by the Department of Social Services.

PAYMENT SCHEDULE: Annually, 3rd or 4th Quarter

Racial Equality — *A-5*

Law Creating/Modifying Program: **Ch. 76, S. 12A, Ch. 71, S.S. 37I & J, Ch. 15. S. 1I**

Agency: **Department of Education**

Total Amount: **$24,398,222**
All Municipal: **$23,491,416**
All Regional: **$ 906,806**

PAYMENT SCHEDULE: Quarterly, after filing as follows: (1) grant application form and budget form to receive the first payment and (2) request for funds forms to receive the last three quarterly payments.

This Municipal and Regional Cherry Sheet Receipt Item is comprised of three accounts: Racial Imbalance, Magnet Education and Equal Education Improvement.

RACIAL IMBALANCE (METCO)

Budget Account Number: **7010-0012**

Total Amount: **$11,150,223**
All Municipal: **$10,243,417**
All Regional: **$ 906,806**

PURPOSE: To reduce or eliminate racial imbalance by providing minority children from racially imbalanced schools in Boston and Springfield an option to attend schools in another municipality or regional school district.

REIMBURSEMENT FORMULA: The receiving school district is reimbursed for its actual and specifically documented incremental instructional costs, special education instructional and evaluation costs, and transportation costs incurred as a direct consequence of program participation. The Board of Education approves grant payments subject to appropriation.

ADMINISTRATION: The school committee of any municipality or regional school district may adopt a plan for attendance at its schools by any child who lives in another municipality or regional school district in which racial imbalance exists in a public school. Such a plan must be filed with the Board of Education for adoption by the Board.

Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities and regional school districts.

MAGNET EDUCATION

Budget Account Number: **7010-0042**

Total Amount: **$4,800,000**

PURPOSE: To provide magnet school facilities and magnet educational programs to reduce or eliminate racial imbalance.

REIMBURSEMENT FORMULA: Any municipality adopting a plan to racially balance its schools may request, and the Board of Education may approve a grant, subject to appropriation, to cover the following costs incurred in the provision of magnet programs:

- the average per pupil costs of such schools over and above the average per pupil expenditure for other schools in the district, provided the payments do not exceed $300 per pupil served.
- the cost of transporting each pupil to the magnet facility.
- up to 75% of the cost of planning, constructing, and improving such a facility.
- other incidental costs in the provision of magnet facilities that the Board of Education approves.

ADMINISTRATION: School districts implementing a racial balance plan approved by the Board of Education and operating magnet schools are eligible to receive payments under this program. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

EQUAL EDUCATION IMPROVEMENT

Budget Account Number: **7010-0043**

Total Amount: **$8,447,999**

PURPOSE: To improve the quality of education in municipalities transferring pupils to eliminate racial imbalance, subject to certain funding priorities established by the Board of Education.

REIMBURSEMENT FORMULA: The qualifying school district receives, subject to

appropriation, payments not to exceed $500 per pupil transferred for the purpose of racially balancing schools.

ADMINISTRATION: The Board of Education designates and administers a separate Equal Education Improvement Fund for each school district implementing an approved racial balance plan. Each year, school districts must submit a grant application form and budget for this program to the Department of Education.

The Department of Education certifies to the Comptroller the amounts to be paid to municipalities.

School Lunch *A-6*

Law Creating/Modifying Program: **Ch. 871, Acts of 1970**

State Budget Account Number: **7053-1909**

Agency: **Department of Education**

Amount: **$5,169,844**
All Municipal: **$4,463,857**
All Regional: **$ 705,987**

PURPOSE: To reimburse part of the cost incurred in serving lunches to school children.

REIMBURSEMENT FORMULA: The cost of meals served is partially reimbursed to the extent funds are appropriated. Reimbursement is intended to supplement federal and local support.

ADMINISTRATION: Municipalities and regional school districts are required to submit reimbursement claims (Form FP-6) monthly to the Department of Education, which then approves the amount of reimbursement and submits payment vouchers to the Comptroller. The program must be in accordance with the National School Lunch Act.

Until FY93, this Municipal and Regional School Cherry Receipt Item was comprised of the School Lunch and Elderly Lunch programs. In FY93, Elderly Lunch was not included on the Cherry Sheet as a component of Lunch Programs, because administrative responsibility for the program has shifted from the Department of Education to the Executive Office of Elder Affairs. However, participating municipalities and regional school districts will continue to receive state support for lunches provided.

In FY94, this program was retitled School Lunch, since Elderly Lunch funds are no longer distributed through the cherry sheet.

PAYMENT SCHEDULE: Monthly.

Regional School Transportation *(Regional) A-4*

Law(s) Creating/Modifying Program: **Ch. 71, S. 16C**

State Budget Account Number: **7035-0006**

Agency: **Department of Education**

Total Amount: **$26,096,623**

PURPOSE: To reimburse the cost of regional school transportation.

REIMBURSEMENT FORMULA: The state reimburses a portion of the cost of regional school transportation. Costs eligible for reimbursement are limited to those incurred in transporting pupils who live at least 1½ miles from school.

ADMINISTRATION: Reimbursement during any fiscal year is for costs incurred in the prior school year. The Department of Education calculates pupil transportation reimbursements based on figures provided by school districts in End-of-Year Pupil and Financial Reports. The Department of Education certifies to the Comptroller the amounts to be reimbursed to each regional school district.

PAYMENT SCHEDULE: Annually, after filing.

Lottery, Beano, and Charity Games — *B-1*

Law Creating/Modifying Program:	**subject to annual budgetary language**
State Budget Account Number:	**0640-2001**
Agency:	**Lottery Commission**
Total Amount:	**$391,600,000**

PURPOSE: To provide general purpose financial assistance to municipalities on an equalizing basis.

DISTRIBUTION FORMULA: When the FY95 Cherry Sheets were distributed in May 1994, Lottery Aid had increased from $329 million in FY94 to $349 million in FY95. After the passage of the final FY95 State Budget (Chapter 60 of the Acts of 1994) Lottery Aid received an additional $2.6 million. In addition, $40 million that had been targeted for the municipal stabilization aid account (a program funded in FY94, see page 40) was transferred to the Lottery line.

The Lottery formula was used in FY95 to distribute the lottery aid in excess of the prior fiscal year's allocation.

The Lottery formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values. The formula is based on population and Equalized Property Valuation.

The formula is as follows:

$$\text{Municipality's Aid} = \left[\frac{E_s}{E_m}\right] * \$10 * P_m * K$$

E_s = Equalized Valuation per capita of the state
E_m = Equalized Valuation per capita of the municipality
P_m = Population of the municipality
K = Pro-ration factor

The pro-ration factor adjusts the formula according to the net Lottery receipts available. The formula is normally applied only to the new lottery aid, that is the amount above what was distributed the previous year.

Please note that Chapter 71 of the Acts of 1993 (Education Reform Act) provided in any year a municipality receives an increase in Lottery Aid or Additional Assistance, 75 percent of the increase in these two Cherry Sheet accounts would reduce the amount of overburden aid (see Municipal and Regional Receipt Item A-1, Chapter 70) received by the municipality. However, language in the FY95 state budget exempted the FY95 increase in Lottery Aid from this provision.

ADMINISTRATION: The Lottery Commission allocates to municipalities the proceeds from state lottery games minus prizes and administrative expenses. The Lottery distribution is funded through a transfer of funds and not by appropriation, although the total amount of the annual distribution is stipulated in Section 3 of the annual state budget.

The Division of Local Services certifies to the Treasurer the amounts to be distributed to municipalities.

No local action is needed to receive Lottery funds.

PAYMENT SCHEDULE: Quarterly.

Additional Assistance *B-2*

Law(s) Creating/Modifying Program:	**Annual state budgets**
State Budget Account Number:	**0611-5500**
Agency:	**Executive Office of Administration and Finance**
Amount:	**$476,315,282**

PURPOSE: Additional Assistance provides flexible unrestricted aid to municipalities.

DISTRIBUTION FORMULA: There has not been a separate formula for Additional Assistance since FY83. In the years when the Needs-Based Formula was used to allocate new Resolution Aid (pre-education reform), Additional Assistance was the balance of a municipality's Resolution Aid after the allocation of Chapter 70 School Aid had been calculated.

For FY93, Additional Assistance was funded at the FY92 level. For FY92, as much of the reduction in Resolution Aid was taken from Additional Assistance as possible. If the reduction could not be totally absorbed by Additional Assistance, the difference was then taken from Chapter 70. At one time, Additional Assistance was one of the two programs that comprised Resolution Aid, determined annually by the Legislature. After the Education Reform Act of 1993 was enacted, Additional Assistance became an independently funded Cherry Sheet Program. In both FY94 and FY95 Additional Assistance has been funded at the FY93 level.

Please note that Chapter 71 of the Acts of 1993 (Education Reform Act) provided in any year a municipality receives an increase in Lottery Aid or Additional Assistance, 75 percent of the increase in these two Cherry Sheet accounts would reduce the amount of overburden aid (see Municipal and Regional Receipt Item A-1, Chapter 70) received by the municipality.

ADMINISTRATION: The Additional Assistance allocation is contained in Section 3 of the annual state budget.

The Division of Local Services certifies to the Treasurer the amounts to be distributed to municipalities.

PAYMENT SCHEDULE: Quarterly.

Highway Fund B-3

Law Creating/Modifying Program:	**Ch. 81, S. 31, Ch. 577, S. 8, Acts Of 1980**
State Budget Account Number:	**6005-0017**
Agency:	**Massachusetts Highway Department**
Total Amount:	**$43,472,110**

PURPOSE: To reimburse municipalities for costs incurred in the construction, maintenance, and policing of local streets and roads.

DISTRIBUTION FORMULA: The Highway Fund formula is based on the number of motor vehicle registrations, road miles, and Equalized Valuations. Reimbursements are made according to the following formula:

Basic Highway Allowance = $400
Road Use Allowance = 7 x Registrations/Miles
Equalizing Deduction = .0001 x Equalized Value/Miles

$$\text{Municipality's Aid} = \left[\$400 + \left[7 * \left[\frac{R_m}{M_m}\right]\right] - \left[.0001 * \left[\frac{E_m}{M_m}\right]\right]\right] * M_m$$

R_m = Number of local registrations
M_m = Number of local road miles
E_m = Equalized Valuation of the municipality

The formula was most recently used in FY89. In recent years, budget language has stipulated that the proposed distribution should be proportional to the previous year's distribution.

ADMINISTRATION: All Highway Fund distributions are made from the motor vehicle fuels excise tax. Each gallon of gasoline sold in the state is taxed 10% of its wholesale price per gallon (recalculated every 3 months) or a minimum of $.21 per gallon. Of the total amount collected 7½% is dedicated to Highway Fund reimbursements.

Payment of FY95 funds will be on a quarterly basis. Payments are contingent upon local submission of form HED-077, which certifies appropriations for highway related expenses to the Massachusetts Highway Department.

After receiving the HED-077 data provided by the Massachusetts Highway Department, the Division of Local Services checks to ensure that a municipality's total distribution does not exceed its expenditures. The Division of Local Services then certifies the amount due to the Treasurer before each distribution.

PAYMENT SCHEDULE: Quarterly, after filing.

Local Share of Racing Taxes *B-4*

Law(s) Creating/Modifying Program:	**Ch. 558, Acts of 1981, Ch. 549, Acts of 1982, Ch. 110, Acts of 1993**
State Budget Account Number:	**0611-5800**
Agency:	**State Racing Commission**
Total Amount:	**$ 1,366,343**

PURPOSE: To return a portion of the taxes collected from race tracks to those municipalities where horse or dog tracks or certain county fairs are located.

DISTRIBUTION FORMULA: The "handle" equals the total amount of all wagers made. One quarter (¼) of 1% of the handle (not to exceed 3% of each municipality's levy limit) is distributed to municipalities in which racing tracks are located. For race tracks located in two municipalities the distribution will be divided between the two municipalities as follows: 2/3 to the municipality with largest portion of track, 1/3 to the other municipality.

In FY95, municipalities will receive each quarterly distribution based on quarterly Calendar Year 1994 collections. For example, the September FY95 distribution is based on collections from January 1, 1994 through March 31, 1994.

ADMINISTRATION: The Racing Commission certifies to the Treasurer the amounts to be distributed.

PAYMENT SCHEDULE: Quarterly.

Regional Public Libraries *B-5*

Law(s) Creating/Modifying Program: **Ch. 78, S. 19C**

State Budget Account Number: **7000-9401**

Agency: **Board of Library Commissioners**

Total Amount: **$11,756,605**

PURPOSE: To support a statewide program of regional libraries that provide various support services to municipal libraries (including delivery of materials between libraries, interlibrary loan, consulting, cooperative efforts, and reference and research services).

DISTRIBUTION FORMULA: The FY95 state budget stipulates that the Boston Public Library, as the "library of last recourse," will receive an amount equal to $.887 per resident of the state.

The allocation for each regional system is then calculated by applying the following rates based on population per square mile in each region:

Over 1,000 per square mile: $1.00
750-999 per square mile: $1.10
Under 750 per square mile: $1.30

The amount of funding for each library that contracts to provide regional service is determined by the annual budget and plan of service recommended by each region's advisory council and approved by the Board of Library Commissioners. If appropriated funds are insufficient to fully fund the formula grants, the initial grants are prorated, unless the Board reallocates the total appropriation.

ADMINISTRATION: The Board of Library Commissioners contracts with libraries it has identified as appropriate providers of regional service. Services are specified in contracts, annual budgets, and plans of service. The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Each contract determines whether libraries are reimbursed upon receipt of expenditure reports on a monthly basis (through submission of Form RPLS1) or paid through advance payments on a quarterly basis (through submission of Form RPLS5).

Police Career Incentive *B-6*

Law(s) Creating/Modifying Program: **Ch 41, S108L, Ch 835, Acts of 1970, Ch 369, S1&2 Acts of 1973, Ch 452, S1-3 Acts of 1975, Ch 283 S 38, Acts of 1976, Ch 480, S 9**

State Budget Account Number: **8000-0040**

Agency: **Higher Education Coordinating Council, Executive Office of Public Safety**

Total Amount: **$11,500,000**

PURPOSE: To encourage municipalities to provide career incentive education programs to police officers through salary increases. The Police Career Incentive Pay Program rewards police officers for additional training in the field of criminal justice and law enforcement.

REIMBURSEMENT FORMULA: The Higher Education Coordinating Council annually certifies police officers for Associate's, Bachelor's, or Master's degrees. Such officers are eligible to receive 10%, 20%, or 25% base salary pay increases. The participating municipalities pay each officer 100% of Incentive Pay and are subsequently reimbursed a proportion of these expenses.

The enabling legislation for this program specified that reimbursement should equal 50% of the added annual salary costs incurred by police departments. This distribution was capped at $6.7 million between FY88 and FY92, expenses were reimbursed to the extent that the appropriations permitted, on a pro-rated basis. In FY93, a supplemental appropriation of $4.5 million was approved and for the first time since FY88 municipalities participating in the program received the full 50% reimbursement. In FY94 this program was again fully funded and in FY95 the intent is to continue full funding for this program.

ADMINISTRATION: Participating police officers submit certificates of college completion to the Higher Education Coordinating Council, which certifies career incentive salary increases. The Coordinating Council notifies police chiefs of the academic status attained by participating officers. The police chief in each participating municipality certifies by each September 1 to the Coordinating Council added base salaries paid as a result of the program during the preceding year. The Executive Office of Public Safety determines the amount of reimbursement due to the municipality based on the total appropriation and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, January

Urban Renewal Projects B-7

Law Creating/Modifying Program: Ch. 121B, S. 53-57

Agency: Executive Office of Communities and Development (EOCD), Municipal Division

Total Amount: $2,700,649

ADMINISTRATION: EOCD administers three different accounts under the Urban Renewal Program.

The federally-aided projects and non-federally aided projects reimburse municipalities for projects approved by EOCD and in the implementation phase. The reimbursements are payable over a 20 year period.

EOCD sends payment vouchers to local treasurers who complete and return them for processing.

PAYMENT SCHEDULE: One half of payment in December and one half of payment in June.

This Municipal Cherry Sheet Receipt Item is comprised of these three accounts: Federally Aided Urban Renewal, Non-Federally Aided Urban Renewal and Urban Revitalization Development Grants.

FEDERALLY-AIDED URBAN RENEWAL

State Budget Account Number: 3022-9101

Total Amount: $97,874

PURPOSE: To meet part of the local cost of federally-aided renewal projects.

REIMBURSEMENT FORMULA: EOCD reimburses one half of the local share, or one sixth of the net project cost over a 20 year period. Grants cannot exceed $3.5 million per year. No new projects will be funded, as this program has reached its total funding capacity of $70 million.

NON-FEDERALLY AIDED URBAN RENEWAL

State Budget Account Number: **3022-9102**

Total Amount: **$279,275**

PURPOSE: To meet part of the cost of a local, non-federally approved urban renewal project that did not receive federal assistance under the federally-aided program.

REIMBURSEMENT FORMULA: EOCD reimburses one half of the total net project cost over a 20 year period. Grants cannot exceed $1 million per year. This program's total funding capacity is $20 million.

URBAN REVITALIZATION DEVELOPMENT GRANTS

State Budget Account Number: **3022-9108**

Total Amount: **$2,323,500**

PURPOSE: To provide funds to municipalities to meet planning and implementation costs related to urban revitalization and development projects. The program assists municipalities in the redevelopment of downtowns, neighborhoods, industrial parks, and commercial areas.

REIMBURSEMENT FORMULA: EOCD may advance funds of up to 75% of the estimated cost of project development analysis and administration. When executing a project, the municipality must appropriate 100% of the necessary funds. EOCD will reimburse the municipality over a 20 year period for 50% of the net project cost.

Veterans' Benefits *B-8*

Law Creating/Modifying Program: **Ch. 115, S. 6**

State Budget Account Number: **1410-0400**

Agency: **Department of Veterans' Services**

Total Amount: **$11,656,783**

PURPOSE: To reimburse municipalities for a portion of amounts spent for veterans' financial, medical, and burial benefits.

REIMBURSEMENT FORMULA: The program reimburses 75% of a municipality's costs for veterans' and their dependents' benefits.

ADMINISTRATION: The veterans' agent and the treasurer of each municipality shall certify the names and other information that the Commissioner of Veterans' Services may require within 30 days after the end of the month in which the expenditures were made. The Commissioner then approves and certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Quarterly.

Exemptions: Veterans, Blind Persons and Surviving Spouses *B-9*

Law(s) Creating/Modifying Program:	**Ch. 58, S. 8A, Ch. 59, S. 5, Clause 17, 17C, 17C½, 17D, 22A, 22B, 22C, 22D, 22E, 37 & 37A**
State Budget Account Number:	**1233-2000**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$4,462,662**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying veterans, blind persons, surviving spouses and elderly persons.

REIMBURSEMENT FORMULA: The reimbursement for each type of exemption is specified by statute. Each municipality is reimbursed for each exemption documented in a given fiscal year. The amounts of exemption granted to individuals and the amounts reimbursed to municipalities by statute are as follows:

- Surviving spouses, minor children, elderly persons:
  $175, 100% reimbursed (Clause 17). For Clauses 17C, 17C½, 17D reimbursement cannot exceed the amount reimbursed under Clause 17
- Paraplegic veterans, surviving spouses:
  Full amount, 100% minus $175 reimbursed (S. 8A)
- Veterans, loss of one arm, foot, or eye:
  $350, 50% reimbursed (Clause 22A)
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight: $700, 75% reimbursed (Clause 22B)
- Veterans, special adapted housing:
  $875, 80% reimbursed (Clause 22C)
- Veterans, surviving spouses, Quemoy & Matsu only:
  $175, 100% reimbursed (Clause 22D)
- Veterans, 100% disability:
  $525, 66 2/3% reimbursed (Clause 22E)
- Blind persons:
  $437.50, 20% reimbursed (Clause 37)
  $500, 17.5% reimbursed (Clause 37A)

ADMINISTRATION: During FY93, Division of Local Services' staff began reviewing reporting requirements for reimbursement of property tax exemptions granted. This review resulted in the revision of all forms submitted by Local Assessors for reimbursement. The Division issued an Informational Guideline Release (IGR) Number

93-302 in November 1993. This IGR included procedural changes in reporting of exemptions granted for some clauses as well as copies of the revised forms.

Claims for reimbursement are processed by the Division of Local Services on a periodic basis. Delays in setting a tax rate due to revaluation problems can result in reimbursements being paid late in the current fiscal year or early in the upcoming fiscal year. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed.

PAYMENT SCHEDULE: Annually, after filing.

Exemptions: Elderly *B-10*

Law Creating/Modifying Program:	**Ch. 59, S. 5, Clause 41, 41B & 41C**
State Budget Account Number:	**1233-2310**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$14,371,802**

PURPOSE: To reimburse municipalities for property tax exemptions granted to qualifying people at least 70 years of age who meet certain "whole estate or total assets", annual income, and residency requirements.

REIMBURSEMENT FORMULA: The total number of persons awarded the exemption is divided into the total appropriation. The result is then multiplied by the number of exemptions granted in each municipality to determine the total reimbursement per municipality. However, if a municipality has adopted Clause 41B or 41C, the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, those municipalities who have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted.

The exemption amount for each individual is $500.

ADMINISTRATION: Local Assessors submit Form MDM-1 to the Division of Local Services. This form lists the number of exemptions granted in the prior fiscal year. Municipalities must submit Form MDM-1 by October 1. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed to municipalities.

PAYMENT SCHEDULE: Annually, December.

State Owned Land *B-11*

Law Creating/Modifying Program: **Ch. 58, SS. 13-17B**

State Budget Account Number: **0611-5510**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$6,500,000**

PURPOSE: To reimburse communities in which certain types of state owned land is located.

REIMBURSEMENT FORMULA: Eligibility for reimbursement depends on land use and the state agency with jurisdiction over the property as specified in the legislation.

Payment is for land only, not for buildings or any other improvements erected on or affixed to the land. Parcels of land that were exempt from property taxation before acquisition by the state are ineligible for reimbursement through this program.

The formula is based on property value and the latest three-year statewide average tax rate. The formula is as follows:

$$\text{Municipality's Aid} = \left\lfloor PV * ET * K \right\rfloor$$

PV = Estimated property value of eligible State Owned Land
ET = 3 year statewide average tax rate ($13.29 for FY95)
K = Pro-ration factor

ADMINISTRATION: For FY95, allocation of the $6.5 million appropriation is based upon the FY85 appraisals, updated on the basis of changes in each eligible municipality's Equalized Valuation between FY86 and FY90. In addition, using data from various state agencies and local assessors, land acquisitions that fall within the scope of the law have been added and deletions have been made for land that no longer meets statutory requirements.

PAYMENT SCHEDULE: Annually, November.

Municipal Stabilization Aid — *B-12*

Law Creating/Modifying Program:	**Ch. 110, Acts of 1993** **Ch. 60, Acts of 1994**
State Budget Account Number:	**0611-5501**
Agency:	**Division of Local Services, Department of Revenue**
Total Amount:	**$ 0**

PURPOSE: To provide a one time distribution of unrestricted general purpose aid to municipalities.

DISTRIBUTION FORMULA: Municipal Stabilization Aid was calculated using the lottery formula (see Municipal Cherry Sheet Receipt Item Number B-1), so that municipalities with lower property values receive proportionately more aid than those with greater property values.

ADMINISTRATION: Municipal Stabilization Aid appeared on the FY94 and the FY95 Cherry Sheets. Note that the entire May 17, 1994 Cherry Sheet amount of Municipal Stabilization Aid was reclassified as Lottery Aid in the final FY95 state budget (Chapter 60 of the Acts of 1994). Subsequently, on the Cherry Sheet Revisions distributed on July 20, 1994 all receipts for Municipal Stabilization Aid were reduced to zero.

Public Libraries *B-13*

Law Creating/Modifying Program:	**Ch. 78, S. 19A & 19B, Ch. 133, Acts of 1992**
State Budget Account Number:	**7000-9501**
Agency:	**Board of Library Commissioners**
Total Amount:	**$6,899,804**

PURPOSE: Public Libraries reflects three programs: the Library Incentive Grant (LIG),the Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset.

The purposes of the LIG are: (1) to encourage municipalities to maintain minimum levels of library services and resources and; (2) to provide an incentive to develop improved services.

The purpose of the MEG is to begin to provide improved library service, resources, and/or facilities in municipalities with relatively less revenue raising capacity by compensating libraries for disparities in municipal funding sources.

The purpose of the Nonresident Circulation Offset is to help offset the costs a public library incurs when it circulates materials to residents of other communities. Originally approved in the 1993 Supplemental Appropriation, the Nonresident Circulation Offset was incorporated into Chapter 60 of the Acts of 1994 (the final FY95 state budget).

DISTRIBUTION FORMULA: This program employs three funding formulas to determine amounts for each municipality. Municipalities complete one application for all three public library programs.

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:

a) population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed $1,250

b) population of 2,500 or over: up to $.50 per capita, provided that at least $1,250 was appropriated for public library service in the preceding year.

2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula (See Municipal Cherry Sheet Receipt Item Number B-1), so that municipalities with lower property values receive proportionately more aid than those with greater property values.

3. The Nonresident Circulation Offset is distributed annually by the Board of Library Commissioners, based upon each community's share of the total statewide circulated items.

ADMINISTRATION: To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

1. In FY95, the city or town's appropriation to operate the public libraries must be equal to or greater than 102.5% of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities.

2. The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials.

3. The library must submit annual report data as specified by the Board of Library Commissioners.

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments.

The Board of Library Commissioners certifies to the Comptroller the amount of aid to be provided to each municipality.

PAYMENT SCHEDULE: Once the Board of Library Commissioners certifies a community, the first payment is made in the second through the fourth quarter. This payment includes 100% of a municipality's LIG allocation and a portion of the MEG. The remaining balance of a municipality's MEG allocation is paid in the last quarter of the year. The majority of the Nonresident Circulation Offset is paid in conjunction with the LIGs and the MEGs second quarter distribution.

Payments must be held in a separate municipal account and shall be expended by the public library without appropriation.

III. CHERRY SHEET ASSESSMENTS

Chapter 59, Section 21 of the Massachusetts General Laws requires the Commissioner of Revenue to provide municipalities and regional school districts with advance estimates of state assessments and charges and county tax assessments. Local assessors are required to use these figures in determining the local property tax rate.

The Cherry Sheet, form CS 1-EC, notifies municipalities of estimated assessments and charges. Regional school districts are notified of charges for the one assessment program in which they participate, Energy Conservation Program Repayment, on form CS 2-ER.

Actual assessments will differ from Cherry Sheet estimates for at least five programs, as final data become available to administering agencies subsequent to the issuance of Cherry Sheets.

The "prior year underestimates" and "prior year overestimates" columns on form CS 1-EC provide for local budgetary recognition of deficits and surpluses that are caused when the actual assessments and charges differ from the estimates. Local assessors must use these Cherry Sheet figures in determining the "Total Amount to Be Raised by Taxation" on the Tax Rate Recapitulation Sheet. An overestimate represents a prior fiscal year account surplus which is reflected as an estimated receipt to support the current year's budget; an underestimate represents a prior year account deficit which is reflected as an amount to be raised in the current year's budget.

Under Proposition 2½, the following agencies' or counties' total assessments cannot increase by more than 2½% of the prior year's actual assessment: County Tax (A), Mosquito Control Projects (B-5), Air Pollution Districts (B-6), Metropolitan Area Planning Council (B-7), Old Colony Planning Council (B-8), MBTA (C-1), Boston Metropolitan Transit District (C-2), and Regional Transit Authorities (C-3). However, the administering agencies or authorities can increase their total assessments by more than 2½% if they can demonstrate to the Division of Local Services that the increase is due to the provision of new services.

PAYMENT OF FY95 CHERRY SHEET ASSESSMENTS

At the beginning of each fiscal year, the State Treasurer requests actual figures or updated estimates from agencies for State Assessments and Charges (B-1 through B-9) and Transportation Authorities (C-1 through C-3). These estimates may differ from Cherry Sheet figures if better information has become available since the issuance of the Cherry Sheet. When final assessments are determined, adjustments are made to assessments in the last three quarterly local aid distributions. For State Assessments and Charges and Transportation Authorities, agencies certify assessments directly to the State Treasurer to be deducted from distributions.

For Annual Charges Against Receipts (D-1 through D-4), agencies certify charges to the Division of Local Services, which notifies the State Treasurer when it certifies the amounts of the local aid distribution.

Cherry Sheet Assessments/Charges

Cherry Sheet assessments are deducted from quarterly local aid distributions by the Treasurer. One quarter of each of the following assessments will be deducted from each municipality's quarterly local aid distribution:

State Assessments and Charges (B-1 through B-9)
Transportation Authorities (C-1 through C-3)

In addition, one entire item from Annual Charges Against Receipts will be deducted from each municipality's quarterly distribution as follows:

1st quarter: Multi-Year Repayment Programs (D-1)
2nd quarter: Energy Conservation (D-3)
3rd quarter: STRAP Repayments (D-4)
4th quarter: Special Education (D-2)

County Tax — A

Law Creating/Modifying Program: Ch. 35, S. 30

Agency: Division of Local Services, Department of Revenue

Total Amount: $25,783,333

PURPOSE: To assess municipalities in order to fund the cost of county government and the services counties provide.

ASSESSMENT FORMULA: For FY95, each county's total tax assessment is allowed to increase only by 2½% over the prior year's actual total tax assessment.

For Barnstable county only, a charge for the Cape Cod Commission is added to the total assessment.

Each county government's assessment is apportioned among its member municipalities in proportion to each municipality's Equalized Valuation as a share of the total county Equalized Valuation. Equalized Valuations are used to calculate the tax rate of each county and the tax rate of each municipality within each county.

The formula used for the calculation of each county's tax is shown on the next page.

ADMINISTRATION: Local treasurers are assessed directly by the County Commissioners, who are responsible for determining the assessments.

PAYMENT SCHEDULE: Semiannual, November and May.

County Tax Assessment Formulas

$$\text{County Tax Rate} = \left[\frac{E_c}{E_s} \right] * 1000$$

$$\text{Municipality's Share of Tax Rate} = \left[\frac{E_m}{E_c} \right] * TR_c$$

$$\text{County Tax} = \left[\frac{TR_m}{TR_c} \right] * A_c$$

E_c = Equalized Valuation of the county
E_s = Equalized Valuation of the state
TR_c = Tax Rate of the county
E_m = Equalized Valuation of the municipality
A_c = Total assessment for the county
TR_m = Tax rate of the municipality

Supervision of Retirement Systems *B-1*

Law(s) Creating/Modifying Program: **Ch. 32, S. 21 (2)**

Agency: **Public Employee Retirement Administration**

Total Amount: **$1,057,419**

PURPOSE: To assess municipalities for the costs of state supervision of municipal retirement systems to ensure compliance with state regulations.

CHARGE FORMULA: The total amount expended for supervision of municipal retirement systems by the Public Employee Retirement Administration is apportioned to those governmental units operating a retirement system in proportion to the amount disbursed from each system to retirees.

ADMINISTRATION: Assessments are determined by the Public Employee Retirement Administration. Audits are completed every three years; the costs of an audit are included in the assessment to municipalities.

ASSESSMENT SCHEDULE: Quarterly.

Motor Vehicle Excise *B-2*

Law(s) Creating/Modifying Program: **Ch. 727, Acts of 1962**

Agency: **Registry of Motor Vehicles**

Amount: **$62,735**

PURPOSE: To reimburse the state for a portion of the costs incurred by the Registry of Motor Vehicles in the preparation of annual Motor Vehicle Excise tax bills. Charges are not assessed to municipalities that print their own bills.

CHARGE FORMULA: Each municipality is assessed a charge of $.15 per tax bill printed by the Registry on behalf of the municipality. Municipalities are credited for incorrectly printed bills. Charges reflect bills from Registry "commitments" in the prior calendar year. FY94 charges reflected bills printed by the Registry during 1991, 1992 and 1993. FY95 charges reflect the bills printed by the Registry during 1992, 1993 and 1994.

ADMINISTRATION: Each municipality's charge is determined by the Division of Local Services upon certification by the Registry of Motor Vehicles.

ASSESSMENT SCHEDULE: Quarterly.

Retirees' Health Insurance *B-3*

Law(s) Creating/Modifying Program: **Ch. 32A, S. 10B (c)**

Agency: **Group Insurance Commission**

Total Amount: **$2,173,451**

PURPOSE: To reimburse the state for the costs of providing a health insurance plan for governmental retirees who were pensioned prior to the implementation of Chapter 32B by their local governmental unit. Chapter 32B enabled municipalities to establish a mechanism for group insurance for retirees.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health insurance premiums paid on behalf of its retirees by the state. The state pays 90% of the total premium; the retiree's copayment is 10% of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local government retirees. Local governments are assessed for the payments made on behalf of their retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Retired Teachers' Health Insurance *B-4*

Law(s) Creating/Modifying Program: **Ch. 32A, S. 12**

Agency: **Group Insurance Commission**

Total Amount: **$17,918,365**

PURPOSE: To reimburse the state for the costs of providing a life and health insurance plan for retired municipal teachers.

ASSESSMENT FORMULA: Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state. The state pays 90% of the total premium; the retiree's copayment is 10% of the total premium as well as full payment for catastrophic illness coverage. A proportionate share of administrative expenses is also assessed to each municipality.

ADMINISTRATION: The Group Insurance Commission pays health and life insurance premiums on behalf of local teacher retirees. Local governments are assessed for the payments made on behalf of their teacher retirees. A retiree's copayment is subtracted from his or her pension payment.

ASSESSMENT SCHEDULE: Quarterly.

Mosquito Control Projects *B-5*

Law(s) Creating/Modifying Program: **Ch. 252, S. 5A, Ch. 2, S. 41, Acts of 1986, Ch. 60 Acts of 1994**

Agency: **State Reclamation Board**

Total Amount: **$3,446,516**

PURPOSE: To assess municipalities for the costs of mosquito control services.

ASSESSMENT FORMULA: There are eight mosquito control districts whose costs are apportioned to member municipalities on the Cherry Sheet. Chapter 60 of the Acts of 1994 states that all mosquito control projects are to be assessed their proportional expenses for the administration of the state Reclamation Board. Each project relies on a separate formula to apportion its assessment to its member municipalities. All formulas are based on Equalized Valuation; five of the projects' formulas also use land area as a component.

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The State Reclamation Board determines total project assessments and the share of assessments paid by member municipalities of projects. Assessments also include each member municipality's share of the Reclamation Board's administrative costs for the program.

ASSESSMENT SCHEDULE: Quarterly.

Air Pollution Districts — *B-6*

Law(s) Creating/Modifying Program: **Ch. 111, S. 142B & 142C, Ch. 676, S.1, Acts of 1960**

Agency: **Department of Environmental Protection**

Amount: **$1,302,333**

PURPOSE: To assess municipalities for a portion of the costs incurred by the Department of Environmental Protection in monitoring air pollution levels and enforcing air quality standards at industrial, commercial, and institutional facilities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on relative population and Equalized Valuation:

$$\text{Municipality's Assessment} = \left[\left[\frac{P_m}{P_s} * .50 \right] + \left[\frac{E_m}{E_s} * .50 \right] \right] * A_s$$

P_m = Population of the municipality
P_s = Population of the state
E_m = Equalized Valuation of the municipality
E_s = Equalized Valuation of the state
A_s = Total state assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Department of Environmental Protection determines the total amount of the assessment and calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Metropolitan Area Planning Council B-7

Law(s) Creating/Modifying Program: Ch. 40B, S. 26 & 29, Ch. 476, Acts of 1974

Agency: Metropolitan Area Planning Council

Amount: $636,790

PURPOSE: To assess municipalities in order to finance a Metropolitan Boston area planning district to promote urban planning and respond to the common urban problems of Boston and outlying municipalities.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on relative population (net of all inmates of correctional institutions).

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_m = Population of the municipality
P_d = Population of the district (net of inmates)
A_d = Total Metropolitan Area Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Metropolitan Area Planning Council calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

Old Colony Planning Council *B-8*

Law(s) Creating/Modifying Program: **Ch. 332, Acts of 1967**

Agency: **Old Colony Planning Council**

Amount: **$70,655**

PURPOSE: To assess municipalities in order to finance a regional planning body for the Brockton Metropolitan area to promote social and economic improvement.

ASSESSMENT FORMULA: Each municipality's assessment is determined through the following formula which is based on relative population:

$$\text{Municipality's Assessment} = \left[\frac{P_m}{P_d}\right] * A_d$$

P_d = Population of the district
P_m = Population of the municipality
A_d = Total Old Colony Planning Council assessment

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The Old Colony Planning Council calculates each municipality's assessment by using the formula indicated.

ASSESSMENT SCHEDULE: Quarterly.

RMV Non-Renewal Surcharge *B-9*

Law(s) Creating/Modifying Program: **Ch. 90, S. 20, 20½, 22B, Ch. 60A, S.2A, Ch. 653, Acts of 1989, Ch. 133, Acts of 1992**

Agency: **Registry of Motor Vehicles**

Amount: **$9,122,010**

(The RMV Non-Renewal Surcharge always appears in Column 2 - Prior Year Underestimates to be Raised)

PURPOSE: To reimburse the Registry of Motor Vehicles for "marking" a license or registration for non-renewal due to:

1. non-payment of parking violations
2. non-payment of motor vehicle excise tax
3. non-payment of abandoned vehicle costs

CHARGE FORMULA: The Registry of Motor Vehicles charges each participating municipality $20 for each "mark" of a license for non-renewal. The FY95 assessments are based upon FY94 non-renewal obligations cleared.

It should be noted that Chapter 653 of the Acts of 1989 authorized the Registry to begin marking a license or registration for non-payment of motor vehicle excise tax. In addition, Chapter 133 of the Acts of 1992 increased the charge levied against municipalities from $10 to $20. Because the RMV implemented these changes in the middle of the fiscal year, the full impact of both the increased fee and the expanded marking options were not fully evident until FY94.

ADMINISTRATION: The municipality collects a $20 surcharge per violation or non-payment of excise from individual violators. This enables the municipality to offset the $20 charge per "marking" assessed by the Registry of Motor Vehicles. Because of the difficulty in estimating an upcoming year's surcharges, the Cherry Sheet estimate is always zero. Actual assessments appear as underestimates on the subsequent year's Cherry Sheet.

ASSESSMENT SCHEDULE: Quarterly.

Massachusetts Bay Transportation Authority (MBTA) *C-1*

Law(s) Creating/Modifying Program:	**Ch. 161A, SS. 8 & 9, Ch. 825, SS. 6 & 7, Acts of 1974**
Agency:	**Massachusetts Bay Transportation Authority**
Total Amount:	**$127,764,437**

PURPOSE: To assess municipalities for a regional public transit system for the Metropolitan Boston area.

ASSESSMENT FORMULA: The MBTA is composed of 78 municipalities: 14 municipalities that originally were part of the Boston Metropolitan Transit District and 64 additional municipalities.

MBTA municipalities are assessed for the net cost of MBTA service. The net cost of service is the difference between annual income received and annual expenses incurred by the MBTA.

Each municipality's total MBTA assessment is the sum of its share of the following:

Express Service + Local Service + Interest Charged by the State Treasurer

ADMINISTRATION: The total annual MBTA assessment cannot increase by more than 2½% of the prior year's actual assessment unless new or expanded service has been documented. The MBTA is required by law to notify the Treasurer of the amount of the Net Assessable Cost of Service to be assessed to the municipalities within the district. The Statement of Facts is the official document for assessment purposes and is formally approved and certified by the MBTA Board of Directors.

An assessment for a given fiscal year is based on the net cost of service for the calendar year that ended six months prior to the beginning of that fiscal year. FY95 assessments are thus based on the net cost of service in FY93.

ASSESSMENT SCHEDULE: Quarterly.

Boston Metropolitan Transit District *C-2*

Law(s) Creating/Modifying Program: **Ch. 383, S. 12, Acts of 1929, Ch. 535, Acts of 1954**

Agency: **Boston Metropolitan District Commission**

Total Amount: **$25,000**

PURPOSE: To assess municipalities for the administrative costs and charges incurred by the Metropolitan Transit District.

ASSESSMENT FORMULA: As the predecessor to the MBTA, the Boston Metropolitan District is made up of the 14 original MBTA municipalities: Arlington, Belmont, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Medford, Milton, Newton, Revere, Somerville, and Watertown.

The assessment pays for administrative costs and charges incurred by the District. The total assessment is assessed to member municipalities in proportion to their share of the District's total Equalized Valuation.

ADMINISTRATION: The total assessment cannot increase by more than 2½% of the prior year's actual assessment. The District is no longer active; it exists only to administer outstanding debt issued prior to the formation of the MBTA. The MBTA pays for the District's debt service costs. When the debt is retired, the District will cease to exist, and the District assessment will no longer be a Cherry Sheet assessment item.

ASSESSMENT SCHEDULE: Quarterly.

Regional Transit Authorities *C-3*

Law(s) Creating/Modifying Program:	**Ch. 161B, SS. 9, 10, & 23, Ch. 1141, Acts of 1973**
Agency:	**Division of Local Services, Department of Revenue, Executive Office of Transportation and Construction**
Total Amount:	**$12,868,724**

PURPOSE: To assess municipalities in order to provide for a system of regional transportation authorities to develop, finance, and contract for the operation of transportation facilities and service outside the Metropolitan Boston area.

ASSESSMENT FORMULA: Between 25% and 50% of the total net cost of service of each regional transit authority is assessed to its member municipalities in proportion to the estimated cost of operating routes through those municipalities. Net cost is the difference between the revenues collected from and the cost of operation of such routes. Revenue sources include fares, advertising, and federal and state operating assistance. The amount that remains to be raised is divided between municipalities and the state through contract assistance.

ADMINISTRATION: The total assessment of each regional transit authority cannot exceed 2½% of the prior year's assessment unless expanded service is documented and the increase is approved by the Division of Local Services and the Executive Office of Transportation and Construction. Assessments represent the local share of the net cost of service for the previous fiscal year. Thus FY95 assessments are based on FY94 costs.

ASSESSMENT SCHEDULE: Quarterly.

Multi-Year Repayment Program *D-1*

Law(s) Creating/Modifying Program: **Ch. 147, Acts of 1986, Ch. 139, Acts of 198, Ch. 58 S.20A, Ch. 8, Acts of 1985,Ch. 248, Acts of 1984**

Agency: **Division of Local Services, Department of Revenue**

Total Amount: **$1,226,630**

PURPOSE: To reimburse the state for (1) loans made to municipalities and (2) overpayment of School Building Assistance Grants.

CHARGE FORMULA: The amount and number of repayments are fixed in legislation or through agreements between state agencies and the municipality.

ADMINISTRATION: Repayments are certified to the Treasurer by the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the first quarterly local aid distribution.

Special Education Assessment *D-2*

Law(s) Creating/Modifying Program: **Ch. 71B, SS. 10 & 12, Ch. 766, Acts of 1972**

Agency: **Department of Education**

Total Amount: **$1,288,193**

PURPOSE: To reimburse the state for providing special needs education to children enrolled in (1) state hospital schools or (2) private institutions, whose placements were made before 1975.

CHARGE FORMULA: The cost that each municipality is charged is the average per pupil cost of education within the school district multiplied by the Full Time Equivalent of resident pupils served by the state. FY95 charges are for pupils served in the 1993-1994 school year.

ADMINISTRATION: The Department of Education determines a per pupil cost for each school system based on enrollments and costs in the prior school year. The Department of Education certifies charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Charges will be deducted from the fourth quarter local aid distribution.

Energy Conservation Programs Repayment	*(Municipal) D-3* *(Regional) A-7A*

Law(s) Creating/Modifying Program: **Ch. 700, Acts of 1983**

Agency: **Division of Local Services, Department of Revenue, Division of Energy Resources, Executive Office of Consumer Affairs and Business Regulation**

Total Amount: **$406,115**
All Municipal: **$304,765**
All Regional: **$101,350**

PURPOSE: To reimburse the state for a portion of grants made to encourage municipalities and regional school districts to implement energy conservation programs in public buildings.

ASSESSMENT FORMULA: The state finances 100% of the cost of these energy conservation programs, making payments once the grant is approved by the Division of Energy Resources. Participating municipalities and regional school districts must repay 30% of the total amount advanced by the state over an agreed upon period. Annual payments are fixed when the grant is approved and no interest is charged.

ADMINISTRATION: Municipalities and regional school districts apply to the Division of Energy Resources for these grants. The 30% repayment must be paid within ten years of the date of the agreement. Repayments do not begin until the second fiscal year after grant approval. The Division of Energy Resources certifies the assessments to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the second quarter local aid distribution.

Small Town Road Assistance Program Repayments (STRAP) *D-4*

Law(s) Creating/Modifying Program: **S. 32, Ch. 637, Acts of 1983, Ch. 811, Acts of 1985, Ch. 15, Acts of 1988**

Agency: **Massachusetts Highway Department**

Total Amount: **$211,108**

PURPOSE: To reimburse the state for a portion of road assistance program grants made to municipalities with populations of fewer than 2,500 for capital construction projects promoting public safety and economic development.

This is not an active grant program at this time.

CHARGE FORMULA: The state finances 100% of the cost of these road assistance programs in advance. Participating municipalities must repay 30% of the total state grant over a ten year period. Grants cannot exceed $200,000. Payments are fixed at the time the grant agreement is finalized and no interest is charged.

ADMINISTRATION: Municipalities must apply to the Massachusetts Highway Department. Selection of grant recipients is based upon the urgency of each project for public safety purposes and the importance to local economic development. The 30% repayment must be within ten years of the date of the agreement. The Massachusetts Highway Department certifies the charges to the Division of Local Services.

ASSESSMENT SCHEDULE: Repayments will be deducted from the third quarter local aid distribution.

IV. CHERRY SHEET PAYMENT SCHEDULE

Each year after the Cherry Sheets are released, the Division of Local Services issues an Information Guideline Release (IGR) which provides municipal officials with information on the dates they can expect payments through each Cherry Sheet program. It also describes when assessments will be deducted from local aid distributions. In addition, this guideline lists the local officials responsible for providing relevant information to state agencies for those Cherry Sheet programs where local action is required to secure such payments.

This IGR can be found on the following three pages. Additional copies of the FY95 Payment Schedule for Cherry Sheet Programs (IGR No. 94-302) can be obtained from the Division of Local Services' Local Aid Section.

Massachusetts Department of Revenue
Division of Local Services
Informational Guideline Release

Commissioner
Mitchell Adams
Deputy Commissioner
Leslie A. Kirwan

Municipal Data Management/Technical Assistance Bureau
Informational Guideline Release (IGR) No. 94-302
August 1994

FISCAL YEAR 1995

PAYMENT SCHEDULE FOR CHERRY SHEET PROGRAMS

This Informational Guideline Release provides municipal officials with information on the FY95 payment schedule for Cherry Sheet programs.

If you need any additional information, please call the Municipal Data Management and Technical Assistance Bureau.

Topical Index Key:

Cash Management
Local Aid

Distribution:

Assessors
Treasurers
Accountants/Auditors
Mayors/Selectmen
City/Town Managers/Exec. Secys.
Finance Directors

The Division of Local Services is responsible for oversight of and assistance to cities and towns in achieving equitable property taxation and efficient fiscal management.

The Division regularly publishes IGRs (Informational Guideline Releases detailing legal and administrative procedures) and the Bulletin (announcements and useful information) for local officials and others interested in municipal finance.

FY95 Cherry Sheet Programs Payment Schedule

(See NOTES on page 67)

Program	Local Action Needed	Local Official(s) Responsible	Timing of Payments
Chapter 70	No		Quarterly[1]
School Transportation	School Year End Report	School Superintendent	Annually, 3rd Quarter
School Construction	No		Annually[2]
Retired Teachers' Pensions[3]	Reimbursement Request	Retirement Board	Annually, September
Tuition of State Wards	Reimbursement Claim	School Superintendent	Annually, 4th Quarter
Racial Imbalance	Desegregation Plan	School Superintendent	Quarterly, on request[4]
Magnet Education Improvement	Desegregation Plan	School Superintendent	Quarterly, on request[4]
Equal Education Improvement	Desegregation Plan	School Superintendent	Quarterly, on request[4]
School Lunch	Reimbursement Claims	School Superintendent	Monthly
Lottery	No		Quarterly[1]
Additional Assistance	No		Quarterly[1]
Highway Fund	Certification Form	Mayor/Board of Selectmen	Quarterly[1]
Racing Taxes	No		Quarterly
Regional Public Libraries	Reimbursement & Reporting Form or Forward Funding Request Form	Library Director	Monthly or Quarterly[5]
Police Career Incentive	Request for Reimbursement	Chief of Police/Town Accountant	Annually, January
Federally Aided Urban Renewal	Payment Voucher[6]	Treasurer	Semiannually, December & June
Non-Federally Aided Urban Renewal	Payment Voucher[6]	Treasurer	Semiannually, December & June
Urban Revitalization	Payment Voucher[6]	Treasurer	Semiannually, December & June
Veterans' Benefits	Reimbursement Claim Forms[7]	Local Veterans' Agent	Quarterly
Veterans Exemptions	Reimbursement Request	Assessors	Annually, after filing
Blind Persons Exemptions	Reimbursement Request	Assessors	Annually, after filing
Surviving Spouses Exemptions	Reimbursement Request	Assessors	Annually, after filing
Elderly Persons Exemptions	Reimbursement Request	Assessors	Annually, December
State Owned Land	No		Annually, November
Public Libraries	Application	Library Director	Annually or Semiannually[8]

Assessments

Cherry Sheet assessments will automatically be deducted from quarterly local aid distributions. One quarter (1/4) of each of the following assessments will be deducted from each community's quarterly local aid distribution:

State Assessments and Charges (Form C.S. 1-EC, Lines B-1 through B-9)
Transportation Authorities (Form C.S. 1-EC, Lines C-1 through C-3)

In addition, one item from Annual Charges Against Receipts will be deducted from each community's quarterly distribution as follows:

1st quarter: Multi-Year Repayment Programs (Form C.S. 1-EC, Line D-1)
2nd quarter: Energy Conservation (Form C.S. 1-EC, Line D-3)
3rd quarter: STRAP Repayments (Form C.S. 1-EC, Line D-4)
4th quarter: Special Education (Form C.S. 1-EC, Line D-2)

County assessments (Form C.S. 1-EC, Line A) are paid directly to the county by communities.

Notes to FY95 Cherry Sheet Programs Payment Schedule

1 Quarterly payments are made the last working day of September, December, March and June.
2 SCHOOL CONSTRUCTION: Form F must be filed three times during the duration of the School Construction Project: first when applying for Board of Education approval of the project, second when applying for a project number, and finally when the project and audit are completed. Payments are made annually for each project, during the quarter in which the project's construction started. Communities must submit evidence that a project has started in order to receive the first annual payment.
3 RETIRED TEACHERS' PENSIONS are paid only to Boston since it is the only community that does not belong to the State Teachers' Retirement System.
4 RACIAL IMBALANCE, MAGNET EDUCATION IMPROVEMENT, and EQUAL EDUCATION IMPROVEMENT: The first grant payment is automatic, once the plan or application has been submitted to the Department of Education. For each grant, the last three quarterly payments are made after the Superintendent files a Request for Funds Form each quarter.
5 REGIONAL PUBLIC LIBRARIES receive payments either monthly (as a reimbursement) or quarterly (as an advance) as specified in their contract with the Board of Library Commissioners.
6 URBAN RENEWAL PROJECTS (Federally and Non-Federally Aided Urban Renewal and Urban Revitalization). Payment Vouchers are prepared by the Executive Office of Communities and Development (EOCD), sent to municipal treasurers for signature, and returned to EOCD to process for payment.
7 Reimbursement claim forms VS5 & VS6 are submitted monthly to the Department of Veterans' Services and paid quarterly by that agency.
8 PUBLIC LIBRARIES: Communities either receive one or two payments. The first payment includes their Library Incentive Grant (LIG), Municipal Equalizing Grant (MEG), and Non-Resident Circulation Offset and is made in the 2nd or 3rd quarter; subject to availability of funds, a 2nd payment of addiitonal MEG funds may be made in the last quarter.

V. CHERRY SHEET RESOURCES

This is a directory of available reports and resource materials related to the Cherry Sheet. Please contact us at the Division of Local Services' Local Aid Section/Municipal Data Bank to request any of the resources listed below.

Reports Comparing All Communities or Sets of Communities

Cherry Sheet Estimates on Diskette: Estimates are available on LOTUS files, which can be obtained through the mail or via modem through the "On-line Access Data System." Prior years' figures are also available.

Trends in Net State Aid: Shows each municipality's total Cherry Sheet receipts, assessments and the net amount of aid, for each year since FY81.

Reports for Individual Communities

Cherry Sheet Printout: Provides a computer printout of estimated Cherry Sheet receipts and/or assessments for FY95 or prior years.

State Aid Trends: Provides a multi-year look, by program, at a community's Cherry Sheet estimated receipts.

For additional information or copies of any of the reports listed above please contact the Division of Local Services' Municipal Data Bank at (617) 727-2300.

VI. SAMPLES OF THE CHERRY SHEET

In an effort to assist those who may not be familiar with the actual Cherry Sheet forms we have included sample copies of each of the three Cherry Sheet notifications into this manual. The actual Cherry Sheet consists of the following:

Form CS 1-ER is the official notification of the estimated receipts to be paid to each municipality by the state during the next fiscal year.

Form CS 2-ER is the official notification of the estimated receipts and the one charge for Regional School Districts. This form is sent to the superintendent of each regional school. Copies are sent to each member municipality.

Form CS 1-EC is the official notification of the estimated assessments and charges for the next fiscal year that each municipality must pay for services performed by the state, counties or certain regional districts.

C.S. 1 - ER COMMONWEALTH OF MASSACHUSETTS DEPARTMENT OF REVENUE FY95

NOTICE TO ASSESSORS OF ESTIMATED RECEIPTS
TO BE USED IN DETERMINING THE TAX LEVY

General Laws, Chap. 58, Sect. 25A, and Chap. 59, Sect. 23 . . . . . ALL MUNICIPALITIES
Municipality

A. EDUCATION:

DISTRIBUTIONS AND REIMBURSEMENTS

1.	Chapter 70	$1,300,407,406
2.	School Transportation Programs Chs. 71, 71A, 71B and 74	56,762,008
3.	School Construction 1948, Ch. 645; 1976, Ch. 511	146,827,851
4.	Retired Teachers' Pensions Ch. 32, s. 20 (2) (c)	34,000,000
4a.	Tuition of State Wards Ch. 71, s71f, 1982	2,055,393

OFFSET ITEMS - RESERVE FOR DIRECT EXPENDITURE:

5.	Racial Equality Chs. 76, s. 12A; 71, ss. 37I, J	$ 23,491,416
6.	Lunch Programs Chs. 871; 15, s. 1L; 753	4,463,857
	Subtotal, All Education Items	$1,568,007,931

B. GENERAL GOVERNMENT

REIMBURSEMENTS AND DISTRIBUTIONS:

1.	Lottery, Beano and Charity Games Ch 29, s. 2D.	391,600,000
2.	Additional Assistance	476,315,282
3.	Highway Fund Ch. 81,s. 31; 1980, Ch.577, s 8	43,472,110
4.	Local Share of Racing Taxes,1981, Ch. 558	1,366,343
5.	Regional Public Libraries Ch. 78, s. 19C	11,756,605
6.	Police Career Incentive Ch. 41, s. 108L	11,500,000
7.	Urban Renewal Projects Ch. 121	2,700,649
8.	Veterans' Benefits Ch. 115, s 6	11,656,783
9.	Exemptions: Vets, Blind & Surv. Spouse Ch. 59	4,462,662
10.	Exemptions: Elderly Ch. 59, Cl. 41, 41B or 41C	14,371,802
11.	State Owned Land	6,500,000
12.	Municipal Stabilization Aid	

OFFSET ITEMS - RESERVE FOR DIRECT EXPENDITURE:

13.	Public Libraries Ch. 78, s. 19A	6,899,804
	Subtotal, All General Government	$ 982,602,040

D. TOTAL ESTIMATED RECEIPTS FISCAL 1995 . . . . . $2,550,609,971

A. EDUCATION

Distributions and Reimbursements:

1. Chapter 70	$	322,094,464
2. School Transportation Programs Chs. 71, 71a, 71B and 74		1,680,975
3. School Construction 1948, Ch. 645; 1976, Ch. 511.		21,763,780
4. Regional School Transportation Ch. 71, s. 16c		26,096,623
4A. Tuition of State Wards Ch. 71, s71f, 1982		429,775

Offset Items - Reserve for Direct Expenditures:

5. Racial Equality Ch 76, s. 12A	906,806
6. School Lunch Ch. 871	705,987
Total Estimated Receipts Fiscal 1995	373,678,410

Estimated Charges:

7A. Energy Conservation Programs Repayment 1987, Ch. 584	-101,350

B. TOTAL ESTIMATED RECEIPTS, NET OF ESTIMATED CHARGES, FISCAL 1995 373,577,060

C.S. 1 - EC Commonwealth of Massachusetts Department of Revenue FY95

NOTICE TO ASSESSORS OF ESTIMATED CHARGES
TO BE USED IN DETERMINING THE TAX LEVY

General Laws, Chapter 59, SECTION 21 ALL MUNICIPALITIES
Municipality

The following State and County Assessments, as estimated, and the underestimates from the prior year, must be used by the Assessors in determining the "Total Amount to be Raised by Taxation." Overestimates from the prior year must be listed by the Assessors as "Estimated Receipts - State."	Column 1 Estimates to be raised	Column 2 PRIOR YEAR Underestimates to be raised	Column 3 PRIOR YEAR overestimates to be Used as Estimated Receipts - State
A. County Assessments, County Tax Ch. 35, s. 31	25,783,333	4,291	302,685
B. STATE ASSESSMENTS AND CHARGES:			
1. Supervision of Retirement System Ch. 32, s. 21	1,057,419		
2. Motor Vehicle Excises 1962, Ch. 727	62,735		
3. Retired Employees Health Insurance Ch. 32A	2,173,451		
4. Retired Teachers Health Insurance Ch. 32A	17,918,365		
5. Mosquito Control Projects Ch. 252	3,446,516	71,782	56,340
6. Air Pollution Districts Ch. 676	1,302,333		
7. Metropolitan Area Planning Council Ch. 408, 476	636,790		
8. Old Colony Planning Council Ch. 332	70,655		
9. RMV Non-Renewal Surcharge ch 90; ch 60a		9,122,010	
Sub-Total, State Assessments	26,668,264	9,193,792	56,340
C. TRANSPORTATION AUTHORITIES:			
1. MBTA Chs. 161A, 825	127,764,437	118,983	118,983
2. Boston Met. Trans. Dist. 1929, Ch 383; 1954, Ch. 535	25,000		
3. Reg'l Tran. Auth's Ch. 161B, ss. 9-10; 1973, Ch. 1141	12,868,724	262,177	263,487
Sub-Total, Transportation Assessments	140,658,161	381,160	382,470
D. ANNUAL CHARGES AGAINST RECEIPTS:			
1. Multi-Year Repayment Programs	1,226,630		150,000
2. Spec. Educ. Ch. 71B, ss. 10, 12	1,288,193	183,526	271,871
3. Energy Conservation 1983, Ch. 700	304,765	425	
4. STRAP Repayments Ch. 637	211,108		
Sub-Total, Charges against Receipts	3,030,696	183,951	421,871
E. TOTAL ESTIMATED CHARGES, FISCAL 1995	196,140,454	9,763,194	1,163,366

F. NET CHARGES, FISCAL 1995 (Column 1 + Column 2 - Column 3) 204,740,282